

**PUBLIC DISCLOSURE**

December 20, 2011

**COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**FIDELITY MANAGEMENT TRUST COMPANY**

82 DEVONSHIRE STREET  
BOSTON, MA 02109

DIVISION OF BANKS  
1000 WASHINGTON ST, 10<sup>TH</sup> FL  
BOSTON, MA 02118

<p><b>NOTE:</b> This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the Division of Banks concerning the safety and soundness of this financial institution.</p>
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## GENERAL INFORMATION

The Community Reinvestment Act ("CRA") requires the Massachusetts Division of Banks ("Division") to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the needs of its entire assessment area, including low and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the Division must prepare a written evaluation of the institution's record of meeting the credit needs of its assessment area.

This document is an evaluation of the CRA performance of **Fidelity Management Trust Company (or "Fidelity Management")** prepared by the Division, the institution's supervisory agency.

### **INSTITUTION'S CRA RATING: This institution is rated "Satisfactory."**

Fidelity Management's performance with regard to CRA was found to be Satisfactory. The institution demonstrates adequate responsiveness to the community development needs of the area relative to its business structure and size. This rating is supported by the following summary of results:

- Fidelity Management's equity investment in the loan fund of a financial intermediary provided it with pro rata lending credits of approximately \$11.1 million. The loan fund has a primary purpose of affordable housing development.
- A total of \$905,065 was invested during the evaluation period in qualified vehicles, including municipal bonds to support affordable housing and grants to local community development organizations.
- While employees and officers of affiliate companies offer their financial and technical expertise throughout the community, at this point Fidelity Management offers no qualified community development services.

## SCOPE OF EVALUATION

Fidelity Management is designated as a wholesale institution under Massachusetts General Laws chapter 167, §14 and the Division's regulation 209 CMR 46.25. The institution's primary business is providing trust and asset management services. Fidelity Management does not extend any form of credit to retail customers. Unless otherwise noted, the evaluation includes all community development activity from February 6, 2006 to December 20, 2011.

## **PERFORMANCE CONTEXT**

### **Description of Institution**

Fidelity Management Trust Company is designated as a wholesale institution under the laws of the Commonwealth of Massachusetts. As of September 30, 2011, the institution had total assets of \$105,776,000.

Fidelity Management is an institution grand-fathered under the provisions of the Competitive Equality Banking Act of 1987 ("CEBA"). The provisions of CEBA significantly restrict the activities in which Fidelity Management may engage. Fidelity Management's primary business is providing trust services to employee benefit plans, pension plans, corporations, and other institutional investors. Fidelity Management also provides personal trust and management services to individual customers. Fidelity Management does not engage in the business of making consumer loans, mortgage loans, or commercial loans.

Fidelity Management's main office is located at 82 Devonshire Street, Boston, Massachusetts. The main office is not open to the public. Fidelity Management also maintains an office located at 245 Summer Street, Boston. The CRA public file for Fidelity Management is located at the 245 Summer Street location.

Fidelity Management is a subsidiary of Fidelity Management & Resources Corporations, ("FMR"), incorporated in Massachusetts in 1977. Through its wide network of subsidiaries, FMR provides investment advisory, management and shareholder services to the Fidelity Investments family of mutual funds. FMR owns 100 percent of Fidelity Management. The institution has only one employee; all other employees are contracted through its affiliates. FMR provides investment and corporate administrative services to the institution and expenses are allocated to the institution for these services.

Fidelity Management outlines its two-pronged approach in relation to CRA activities in the following manner: First, the institution takes one percent of its total asset size and seeks investments in securities issued by local governments and agencies including the Massachusetts Housing Finance Agency and the Boston Community Loan Fund. Secondly, the institution provides financial support and services through grants to local community organizations. This plan envisions a program that balances investments and grants to support activities by organizations that provide opportunities for economic development, home ownership and rehabilitation, and credit counseling. The institution's formula for investing provides that 10% is given in the form of grants that the CRA committee has approved and 90% is invested in qualified community development investments.

Fidelity Management was last examined for compliance with the CRA by the Division as of February 6, 2006. That examination resulted in a rating of Satisfactory.

## Description of Assessment Area

Fidelity Management's assessment area is Suffolk County within the Boston MSA (1120). Based upon 2000 U.S. Census Data, the assessment area includes a total of 176 census tracts of, which 36 are low-income, 75 moderate-income, 47 middle-income, 17 upper-income and 1 NA. The following table contains the demographics of the assessment area in greater detail.

Table 1 Assessment Area Demographic Information						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA % of #
Geographies (Census Tracts)	176	20.5	42.6	26.7	9.6	0.6
Population by Geography	689,807	17.3	49.3	24.2	9.1	0.1
Owner-Occupied Housing by Geography	94,552	7.4	42.1	35.7	14.8	0.0
Business by Geography (2011)	75,142	22.5	28.8	22.3	26.4	0.0
Family Distribution by Income Level	140,802	17.8	49.1	25.1	8.0	0.0
Distribution of Low and Moderate Income Families throughout AA Geographies	78,423	25.0	54.5	17.5	3.0	0.0
HUD Adjusted Median Family Income for 2011		\$85,200	Median Housing Value		\$223,316	
Households Below Poverty Level		18.4%	Unemployment Rate		2.5%	
Source: 2000 US Census, 2011 HUD updated Median Family Income						

### *Population*

The total population of Fidelity Management's assessment area is 689,807. The total number of households, which make up this population, is 278,776 of which 171,325 households or 63 percent are located within low and moderate-income tracts.

Out of the 140,802 households that are families, 66.9 percent of families fall into the low or moderate-income category. Eighteen percent of the households have income below the poverty level. The poverty level and relatively high proportion of low- and moderate-income families within the area demonstrates a significant proportion of the population that could take advantage of community development activities.

### *Housing*

There are a total of 292,520 housing units in the assessment area. Of the total units, 63 percent are rental, 32 percent are owner occupied and five percent are vacant. Approximately 49.5 percent of all owner occupied units are located within low- and moderate-income census tracts. However the majority of available housing units are rental.

Additional information obtained from The Warren Group estimates the median housing sales price during 2011 at \$340,773. The sales price has fluctuated since the previous examination, from \$372,000 in 2007 to a low of \$305,000 in 2009. Based upon most recent data, it appears sales prices are on a rising trend within Suffolk County. The median county sales price consistently trends above the median statewide sales price, from which one can infer a relatively expensive area for housing.

### *Economy/Employment*

The assessment area of Suffolk County has an estimated population of 689,807 residents. According to October 2011 data, the projected unemployment rate within the assessment area was 6.8 percent. The overall state level of unemployment in October was also 6.8 percent. The annual unemployment rates in Suffolk County for calendar years 2009 and 2010 were 7.8 and 8.1 percent respectively. These rates were slightly lower than the statewide unemployment rates of 8.2 in 2009 and 8.5 percent in 2010.

### *Community Contact*

A Community Contact was conducted with a financial intermediary that focuses its investment vehicles toward low income communities. The contact feels that foreclosure prevention among low-income areas and working capital for small businesses are the most pressing needs. While the contact believes that local and national financial institutions are involved as grant makers and investors, the contact notes the need for more support for housing stabilization programs. Either through partnership with the contact or through developing their own foreclosure relief programs, more support from banks is needed in order to stabilize the housing economy of the area. Additionally, the contact made mention of a need for more educational programs geared specifically to new homeowners to make them aware of unfair lending practices and basic financial information.

## **PERFORMANCE CRITERIA**

### **COMMUNITY DEVELOPMENT TEST**

The Community Development Test evaluates the institution's responsiveness to the community development needs of its assessment area through the provision of community development loans, qualified investments, and community development services as appropriate, considering the institution's capacity and the need and availability of such opportunities for community development in the institution's assessment area. Unless otherwise noted, for purposes of this evaluation, the period used for the Community Development Test is February 6, 2006 through December 20, 2011.

#### **Community Development Lending**

##### *Boston Community Capital Loan Fund ("BCLF")*

The BCLF was established as a non-profit in 1985 to provide equity and subordinated debt financing to small businesses that promote economic development and that revitalize or stabilize low- and moderate-income neighborhoods in Massachusetts. During the review period, Fidelity Management had \$1,000,000 in the BCLF, which was designated as a Community Development Financial Institution ("CDFI") in 1997.

Fidelity Management's investment has fluctuated between 4 percent and 6 percent of the fund's permanent capital at various intervals during the examination period. According to the CRA regulations, an institution may receive consideration for its pro-rata share of the organization's community development loans. Fidelity Management opted to receive credit for BCLF's loans as an alternative to the amount of its qualified investment. During the review period, BCLF granted loans to various community development organizations, the majority of which are located in the Commonwealth of Massachusetts and the institution's assessment area. The institution's pro-rata share of the fund's overall lending for 2006 through third quarter 2011 was \$11.1 million.

#### **Qualified Investments**

For the time period covered by this evaluation, Fidelity Management has invested \$905,065 in qualified investments, including municipal bonds, to support affordable housing and grants to local community development organizations. Fidelity Management's qualified investments represent 0.8 percent of its total assets as of September 30, 2011. The components of the total investments are detailed below.

In 1996, Fidelity Management invested \$250,000 in MHFA Revenue Bonds. The investment is part of the single family housing revenue bond program that is designed to address the specific housing needs of low- to moderate-income persons within the Commonwealth of Massachusetts. This bond reached maturity in 2007, at which point the book value was \$200,040.

## *Donations*

The institution provided \$705,025 in qualified grants to area organizations during the period under review. The qualified donations account for approximately 92 percent of the entire portfolio. This represents a marked increase compared to the \$392,500 in qualified donation distributed during the previous evaluation. The amounts by year are detailed in the table below.

<b>Table 2</b>			
<b>Community Development Donations by Community Development Category</b>			
<b>Category*</b>	<b>Year</b>	<b>Number of Donations</b>	<b>Dollar Amount</b>
Community Services to Low- and Moderate-income (LMI) Residents	02/6/06 – 12/31/06	9	145,000
	2007	5	125,000
	2008	7	160,000
	2009	6	93,899
	2010	5	103,400
	01/1/11 – 12/20/11	14	77,726
<b>TOTAL</b>		<b>45</b>	<b>705,025</b>

The following are examples of some of the community development grants to various organizations and agencies over the time period covered by this examination:

### *Boston Employment Service, Inc. (“STRIVE”)*

STRIVE was founded in 1994. Its mission is to recruit, train and place young adults in entry-level jobs. STRIVE has a 20 year record of success with clients whose troubled lives, emotional problems, incomplete education and lack of professional experience combined lock them out of today’s workplace. STRIVE recruits young adults that have experienced childhood abuse, domestic violence, addiction, incarceration or homelessness.

### *Generations Incorporated (“GI”)*

GI unites older adults and youth in service to strengthen individuals and communities. Founded in 1991, GI was an early pioneer in the intergenerational field. Their original vision was to connect youth with local seniors living in nursing homes to reduce their isolation. Since 1997, they have provided Boston public schools and after-school programs with highly trained older adult volunteers (ages 55+) who serve as literacy coaches and mentors.

### *Women’s Lunch Place*

The Women’s Lunch Place was founded in 1982 to provide food, resources, advocacy and temporary shelter for poor and homeless women in Boston. Since its inception, this group has gone from being a lunch provider with minimal services three days a week to a full service organization open 6 days a week serving 80-125 women daily. In addition to breakfast and lunch, the Women’s Lunch Place has on-site medical care in collaboration with Women of Means, Inc., an Advocacy and Legal Assistance Program, jobs skills classes, art courses and a reading group.



### **Community Development Services**

While employees and officers of affiliate companies offer their financial and technical expertise throughout the community, at this point Fidelity Management offers no qualified community development services.

## **PERFORMANCE EVALUATION DISCLOSURE GUIDE**

Massachusetts General Laws Chapter 167, Section 14, as amended, and the Uniform Interagency Community Reinvestment Act (CRA) Guidelines for Disclosure of Written Evaluations, and Part 345 of the Federal Deposit Insurance Corporation's Rules and Regulations, require all financial institutions to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

- 1) Make its most current CRA performance evaluation available to the public;
- 2) At a minimum, place the evaluation in the institution's CRA public file located at the head office and at a designated office in each assessment area;
- 3) Add the following language to the institution's required CRA public notice that is posted in each depository facility:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks at 82 Devonshire Street, Boston, MA 02109."

- 4) Provide a copy of its current evaluation to the public, upon request. In connection with this, the institution is authorized to charge a fee which does not exceed the cost of reproduction and mailing (if applicable).

The format and content of the institution's evaluation, as prepared by its supervisory agencies, may not be altered or abridged in any manner. The institution is encouraged to include its response to the evaluation in its CRA public file.